

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 166

June 2004

ITEMS TO REMEMBER

JUNE

June 1: Prove the Fund Ledger and Ledger of Receipts for the month of May to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.

June 20: Payment for school aid bonds and coupons coming due in July must be made to civil townships by reorganized school corporations where the reorganized plan provides for such payments or where the board of school trustees has provided for such payments by resolution. (IC 20-4-1-35; IC 20-4-1-38)

Last day to report and make payment of state and county income tax withheld during May to the Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of The School Administrator and Uniform Compliance Guidelines.)

June 30: Close out all payroll deduction clearing accounts. Balance and close the Fund Ledger and Ledger of Receipts for the school year and reconcile with depositories. Total the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances (January 1 to June 30). Close the ledger for the school year and prove to the Fund Ledger.

School board members taking office in July, file certified copy of oath in the circuit court clerk's office of the county containing the greatest percentage of population of the school corporation. (IC 5-4-1-4)

JULY

July 1: Open a Fund Ledger and Ledger of Receipts for the next school year by entering the balance of each fund as determined and proved for June 30. Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances for the next school year by entering in each program account the balance of unexpended appropriations, and by entering in each expenditure account within each program, the balance of the unexpended allotment.

July 4: Independence Day - Legal Holiday. (IC 1-1-9-1)

July 20: Last day to report and make payment of state and county income tax withheld during June to Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, The School Administrator and Uniform Compliance Guidelines.)

July 31: Last day to file Federal Quarterly Report, Form 941, with the Internal Revenue Service for federal and social security taxes for the second quarter.

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AUGUST

- Aug 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.
- Aug 15: Not earlier than August 1 or later than August 15 the secretary of the board of school trustees is to publish an annual financial report, in accordance with IC 5-3-1-1 et seq.
- Aug 20: Last day to report and make payment of state and county income tax withheld during July to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, The School Administrator and Uniform Compliance Guidelines.)
- Aug 31: Last date for the first publication of budgets (10 days prior to the public hearing). (IC 6-1.1-17-3)
- NOTE: See the September "The School Administrator and Uniform Compliance Guidelines" for budget dates or call the Department of Local Government Finance at 317-232-3773.

Prior to September 1 of each year, the superintendent of each school corporation shall cause to be made to the Office of the State Fire Marshal an inspection report of all heating systems and supporting fuel lines used for school purposes. (IC 20-5-43-2)

PROCUREMENT CARDS

We have received inquiries concerning the potential use of "procurement cards". We understand some of the intended benefits of procurement cards are to add controls as to where purchases can be made; limit values of each purchase; prevent overspending the budget items; institute parameters on purchases; possibly reducing paperwork; etc.

The State Board of Accounts will not take exception to the use of procurement cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize procurement card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the procurement card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the procurement card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Procurement cards should be used in conjunction with the accounting system.

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- (7) Payment should not be made on the basis of a statement or a procurement card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.
- (9) Procurement cards shall not be used to procure cash advances at "ATM" machines or as a debit card.
- (10) (A) An audit trail must exist for all transactions.
(B) An audit trail must also exist for changes made by an "administrator" such as card parameters, etc..
- (11) Access to transactions in accordance with the Public Records Law, IC 5-14-3-1 et seq. as appropriate must be assured.
- (12) Procurement card agreements should not contain references to debt.
- (13) Governmental units need to have available (if applicable) a copy of "SAS 70" audits of a sponsoring bank.

REIMBURSEMENTS BY HOLDING CORPORATIONS

Various occasions arise at the beginning of a construction project in which a school holding corporation will owe the school corporation certain amounts of money. The funds owed may be the result of the sale of land to the holding corporation or reimbursement for certain preliminary expenses of the project which had to be paid prior to the holding corporation receiving money from the sale of bonds.

The State Board of Accounts is of the audit position when these situations occur, the holding corporation must reimburse the school corporation as soon as the proceeds from the bonds sale have been received. We have noted that some holding corporations delay payment for the sale of land or for reimbursements until late in the project. Reimbursements should be one of the first items of business after the holding corporation receives money from the sale of bonds.

RETIREMENT FUND CONTRIBUTIONS

IC 21-6.1-4-9 concerning member contributions for the Teachers Retirement Fund provides "(a) Each member shall contribute to the fund three percent (3%) of his compensation as specified in IC 5-10.2-3. However, the member's employer may pay the contribution on behalf of the member. (b) If a member's employer elects to pay members' contributions for its employees, it must initiate the payments as part of salary and fringe benefit adjustments provided to these employees."

550 IAC 2-5-12 concerning payment of contributions provides "Contributions shall be paid either wholly by the member or wholly by the employer."

Please contact the Teachers' Retirement Fund concerning "Voluntary" contributions.

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CASH CHANGE FUND

A Cash Change Fund may be established in any school corporation with the approval of the governing body (board of school trustees), where any officer or employee of the school corporation is charged with the duty of collecting fees or other cash revenues. Such Cash Change Fund when authorized by the governing body, shall be established by a check drawn on the General Fund of the school corporation in an amount to be determined by the governing body. The check is drawn in favor of the officer or employee who has been designated as custodian of the Cash Change Fund. The custodian shall convert the check to cash and be held responsible for the safekeeping of such cash and the proper accounting thereof in the same manner as required for other funds of the school corporation. The governing board shall have authority to increase or decrease such fund and shall require the entire Cash Change Fund to be returned to the General Fund if and when no longer needed for the purpose established or when a change is made in the custodian of the fund. (IC 36-1-8-2).

IC 36-1-8-2 is particularly applicable in a school corporation where either a Textbook Rental Fund or School Lunch Fund, or both, are maintained as school corporation funds. A check is drawn on the General Fund for an authorized Cash Change Fund, then recorded as a disbursement in the General Fund.

Also, a Cash Change Fund must be opened in the Asset Accounts section of the Clearing Accounts in your ledger to establish a control for the amount of the cash until returned to the General Fund.

PUBLIC PURCHASES

We often receive inquiries regarding to how a school corporation can purchase supplies utilizing a State contract.

IC 4-13-1-1 states in part, (c) ". . . the following entities may, with the consent of the commissioner of the department of administration, use the services of the department: . . . (4) A political subdivision, as defined in IC 36-1-2-13."

IC 5-22-10-15 states in part, (b) "A purchasing agent for a political subdivision may purchase supplies if the purchase is made from a person who has a contract with a state agency and the person's contract with the state requires the person to make the supplies or services available to political subdivisions, as provided in IC 4-13-1.6 or IC 5-22-17-9."

IC 5-22-17-9 states "A contract entered into by a state agency may require the contractor to offer to political subdivisions the services or supplies that are the subject of the contract under conditions specified in the contract." Please call the Department of Administration at 317-233-3901 for more information.

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TRANSFER TUITION

School corporations should be aware of the option available for transfers between school corporations (please note, not cash transfers) as provided in IC 20-8.1-6.1-8 which states in part, "(h) In lieu of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. This contract is for a maximum period of five (5) years with an option to renew, and may specify a maximum number of pupils to be transferred and fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 9 of this chapter."

IC 20-8.1-6.1-8 also states in part, (i) "If the school corporation can meet the requirements of IC 21-1-30-5, it may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may be for one (1) year or longer and may fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 9 of this chapter. A school corporation may not transfer a student under this section without the prior approval of the child's parent or guardian."